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**STATEMENT ON *THE NATION'S REPORT CARD:*
*Economics 2012, Grade 12***

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Any enterprise must ask itself: How do we measure success?

There are several steps. In the field of education, we first define success by establishing standards. The second step is to use testing to find out whether our students are meeting those standards. The third step is to analyze what factors came into play for those who are succeeding and those who are failing, which partly relies on demographic analysis of test results. For test results to deliver a product with sufficient depth for that type of analysis, they need to be comprehensive and solid. The ultimate goal is to ensure that economics is on par with other major subjects in the school curriculum.

On the first step, I am proud to say that the content for the National Assessment of Educational Progress (NAEP) economics framework reflects much of the Council for Economic Education's (CEE's) work on Voluntary National Content Standards. In fact, a number of members of the CEE network participated in developing the framework, which defines what students should know and what questions will best measure their level of knowledge.

We looked at what core functions economic understanding delivers to young people. Essentially, it involves a set of skills that trains them to recognize choice in their lives, evaluate a set of alternatives, and arrive at a rational response that meets their needs and addresses their values. Understanding economics is an aid in developing good decision-making skills and setting goals.

Economics is also an important language for understanding what is going on in the world at large and how this affects people's lives and choices. In our experience, such understanding can be a powerful enabling tool for young people, giving them a stronger sense of agency, or authorship, of their own lives. That is why NAEP is focused on three areas—market economy, national economy, and international economy.

On the second step in measuring success—testing—NAEP truly brings scope, depth, and excellence. And including economics in the NAEP fold elevates this discipline to the same level

as mathematics, reading, and other NAEP-covered subjects. NAEP testing provides a comprehensive and representative national sample of 12th-grade students, which allows other researchers to ascertain more specifically the level of knowledge attained.

On the third step, NAEP's research also allows us to examine background factors, such as gender, race, and ethnicity, relative to student achievement. For example, one of our research economists used the 2006 NAEP data and was able to show that the level of student understanding of economics is directly related to the types of courses (or amount of coursework) available to students in high school. In other words, their understanding was not secondary—not picked up along the way through engaging in economic activities. It was primary, learned through coursework.

The more extensive or focused the economics coursework (advanced, honors, or general), the greater the level of achievement, even after controlling for background characteristics and other factors. Our research economist also found that a personal finance course or business course did not substitute for a separate economics course in high school.

Two of CEE's affiliated professors recently wrote a paper on enrollment trends in economics and found that they are consistent with trends in the number of states mandating an economics course for high school graduation. Enrollment is up from 45 percent in 2005 to 58 percent in 2009. Obviously, however, given the level of global complexity with which we are all dealing today and the extent to which economic decisions figure into our lives, this percentage is still insufficient.

NAEP quite simply provides some of our most important analytical tools. The NAEP results show that kids have a better understanding of the U.S. economy when they take an economics course. These results should serve as a rallying cry for states that are not already requiring economics courses for high school graduation to put new requirements in place and make sure that all students have the classroom instruction needed to expand their economic knowledge. This is part of a state-by-state effort underway by CEE. While in 2012 some specific populations, such as Hispanic students, showed improvement, kids in urban environments and Hispanic and black students overall still lag. This means we must have a renewed commitment to bring economics—the real world—to those kids.

By adding economics in 2006 and 2012 to the subjects for which it tests, NAEP also gave weight and validity to economics as a critical subject area for our students to master. It is both a valuable resource and an invaluable endorsement of the necessity for economics in a student's roster of knowledge. I truly hope economics continues to be a regular assessment in the future.